Israel's Economic Motives for Colonizing the West Bank

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Now verging on a half-century, Israel's settlements in the West Bank leave a profound legacy for the study of international relations. Labeled one of the key hurdles to the peace process, understanding the dynamic of Israel's continuing domination of the West Bank has never been more important: what has been the primary motivator for Israel's increasingly civilian acquisition of the West Bank? Numerous explanations vary from ideology and religion to defense and security. However, a careful examination of the economic activity as an underlying, yet progressing component of the occupation concludes that the state has intentionally hindered the development and independence of the Palestinian economy in order to export the territory's potential to Israel. This has established the state as the regional economic superpower. This paper finds that Israel's primary motivating factor in settling the West Bank is a two-fold outcome: economic expansion for itself and submission for the Palestinian nation; it should be seen first and foremost as an expression of economic colonialism. Therefore, the disastrous economic situation of the Palestinian West Bank, contrasted with the booming and industrialized economy of its neighbor, is the intended result of the settlements.

Introduction

On a diplomatic trip to Israel and the West Bank in 2013, United States Secretary of State John Kerry remarked that reconciliation between Palestinians and Israelis would have to come through an improvement of the current situation of mistrust. Specifically, he identified the "economic front" as a major roadblock to peace processes.[1] To an audience of Israeli policymakers, Secretary Kerry's statement is quite profound, as he is referring to Israel's economic policy in the West Bank, the land chartered by the UN to be Palestine into which Israel has been methodically extending itself during the last 50 years. The story is one of power and submission, by which Israel settles Palestinian land, acquiring important resources and severely encroaching on Palestinian development. Secretary Kerry is correct that the purposeful economic imbalance lies at the heart of this conflict; however, as peace processes continue to resurface without resolution, it is imperative to address Israel's primary motivation for its increasingly civilian takeover of Palestine.

The saga began in 1967 after Israel's victory of the Six Days War with neighboring states Jordan, Syria, and Egypt. Setting the stage for the occupation, the war permanently changed the political geography of the region. Settlements in the West Bank defy the tenets of the state system and of international law and are among the most contentious and controversial issues in current affairs. A series of legal maneuvers has allowed Israel to intrude deeply into the West Bank, both physically and civilly, calling into question its stated ambitions of security maintenance.

Physically, the state has taken control of 42% of West Bank lands by reserving them as state territory or military zones, reports the human rights organization B'Tselem.[2] In addition to the primary military acquisitions, the state managed to annex land by moving its population to the territory. For example, it subsidized 50% of land development costs for Israelis settling in the exterior. Furthermore, economic incentives, such as tax breaks and access to cheap labor for businesses, encouraged Israeli citizens to settle the West Bank.[3] Israel's reward system therefore serves as a catalyst to its implementation of a residential, commercial, and military presence in the West Bank. The three dimensions of its presence all legitimize the need for continued Israeli growth in the region. Consequently, the land acquisitions have been extremely harmful to Palestine's agrarian economy.

Morally, the state deconstructed Palestinian claims to the West Bank by calling the land by its biblical names of Judea and Samaria, encouraging Jewish biblical rights to the land and erasing the Armistice Line of 1949 from "atlases, maps, and textbooks," thereby eliminating the negative moral implications of the expansion.[4] Having justified the occupation to its citizens, the state began moving its citizens en masse, and the subsequent population growth has been institutionalized as a permanent trend. Whereas the first phase of the movement established defensive forces and a few rudimentary settlements near the 1967 borders, the second and third phases witnessed unprecedented growth; between the years of 1980 and 2010, the settler population increased 122%.[5] In doing so, the state created a moral imperative to avoid displacing the very citizens it encouraged to move. This narrative has been employed numerous times in negotiations as a reason to retain West Bank lands.

Civilly, the state injected itself into Palestinian daily life by limiting building, development, movement, imports, exports, capital flows, and even speech. The intervention has fostered a direct impairment of Palestinian growth. Now, a complex series of Jewish-only roads, security checkpoints, and legal restrictions severely limits movement in the West Bank. This has been identified as a primary hurdle to Palestinian economic development. As 80% of Palestine's Gross Domestic Product (GDP) is dependent on (mostly agricultural) international trade, the burdensome restrictions cripple the economy.[6] In fact, the combination of resource domination and restrictions in the region coincided with a 60% drop in per capita GDP from 1999 to 2008, according to the World Bank.[7]

Additionally, Israel has used its permanent expansion to acquire natural and human capital. The state's growth was not sustainable given the resources in Israel and the large influx of Jewish immigrants. To overcome these limitations, the state took control of the vast majority of water resources and enacted burdensome restrictions on Palestinian water use. Diverting this water to Israeli agriculture and manufacturing has been a key expression of economic dominance, as it hindered sustainability and growth in the Palestinian economy. Additionally, recent legislation allows Israeli companies to export raw materials from Palestinian mines, mirroring the precedent set by the allocation of water. By these means, Israel has created an inverse effect on the economy of the West Bank--disrupting the Palestinian economy in turn for increased Israeli opportunity.

Although the state claims motives such as security, the unprecedented encroachment in civil life suggests economic reasons for the state's aggressive expansion. Also challenging Israel's rationale is the fact that the state has yet to define the territory as official government or private property, a mechanism used to exclude Palestinians from economic and civil protections under Israeli law.[8]

This paper seeks to pinpoint the primary motivating factor of Israel's ever-increasing settlement activity. It argues that Israel's occupation of the West Bank should be seen, first and foremost, as an expression of economic colonialism. The state's unprecedented increase in civil control of the West Bank and the resulting economic opportunity contrasts the under-development of the Palestinian economy, which is indicative of the state's exertion of economic superiority.

I will first outline the three phases of the settlement movement and how state actions indicate an interest in exacerbating the economic gap with its neighbors. Though evident since the beginning, this trend has become increasingly pronounced as the settlements progressed. Following this, I briefly explain how rule of law in Israel has facilitated a climate of intentional ambiguity that is crafted around allowing Israeli growth while enforcing limitations on the Palestinians. Next, I explore Israel's control over capital flows in the territory, as well as its monopolization of water resources and labor flows; these trends suggest an economic imperative. Finally, I examine how the restriction of movement has been used as a legal mechanism to open the Israeli economy, whilst intentionally closing its counterpart.

Literature Review

Scholarly Work

There are five main explanations to describe Israel's underlying motives for its continuing control of the West Bank: geopolitics, biblical heritage, defensive and diplomatic, ethnic cleansing, and economic.

Hassan Abdul Kadir Saleh frames Israel's settlement activity in a geopolitical narrative but also employs the economic factor. Saleh states that the settlements began as a temporary defensive "buffer zone" after the 1967 War. However, as the political desire to increase the state's presence took hold of Israeli politics in the ensuing 20 years, it became clear that the long-term objective of the colonial expansion was "absorbing West Bank lands by the weakening of economic links" of the Palestinians.[9] Saleh examines the major increases in settlements in the aftermath of a series of wars and conflicts. He sees the economic interference as a means to achieve the overarching goals of the settlement project, which he defines as religious, historical, security, political, and economic.

Rhetorically, the Israeli government has justified its actions in a religious and security-focused manner, but this excludes examination of the facets of everyday Palestinian life that Israel has managed to control, many of which have been criticized as having no real grounds besides ethnic subjugation.

Sara Roy is among the most respected names in the subject of Israel's exterior. She coined the concept of "de-development," which refers to the manner in which Israel has not only built up its own economic arsenal in the occupied territory, but also intentionally prevented the development of the Palestinian economy in the West Bank and Gaza through a complicated series of movement restrictions and arbitrary commerce laws that virtually close the Palestinian economy, prevent consistent trade with the outside world, and restrict the import of capital that would allow the economy to improve methods of production and form a competitive manufacturing sector. She offers a compelling series of examples, and her "de-development" will be my platform to investigate Israel's intention in settling the West Bank.

Roy's arguments have managed to explain recent developments in the West Bank more successfully than the geopolitical arguments of Saleh, and her direct analysis of statistics are convincing. In addition, Roy offers a direct explanation for Israel's intrusion into civilian life, a concept evaded by many other scholars on the subject. Whereas Roy explores the effect of Israel's occupation, this paper seeks the cause: was Israel's decision to convert its rudimentary military presence in the West Bank into a civilian and capitalist enterprise shortly after the Six-Day War an economic decision? Answering this question would provide a base level for analysis of the conflict.

The foremost expert on Israel's settlement activity, Neve Gordon, argues that Israel's intentions throughout 1967-2008 were specifically to remove Palestinian presence in the occupied territories. His in-depth analysis proves that expanded restrictions of movement and ethnic policing aim to separate the two populations. He focuses on the intended social as well as political and economic repercussions of the increased settler presence, especially due to the increasing, lawless violence toward Palestinian villages and infrastructure under the dualistic law that applies differentially to Israeli citizens and Palestinian residents. From this vantage point, economic and social policies were a means to control the Palestinians.

Gordon effectively reduces ideology and security into propaganda that Israel used to "normalize" the occupation to its citizens and the international community, a claim that will be examined in this paper. Like Roy, Gordon uses major events in the occupied territory as a framework for institutional changes, but not as the basis for forming his argument. He mainly focuses on making sense of Israel's "ground game," or its excessive methods of instating itself as the sole legitimate ruler through arbitrary and contradictory use of force and political capital.

In many cases, Gordon supports Roy: Israel strategically takes land from key economic strongholds, which fuels Palestinian de-development. Due to the loss in international prestige, the back lashing hostilities, and the extensive resources that Israel has invested in the settlement project, it does not seem likely that Israel would be acting on a solely ideological basis (i.e. ethnic cleansing).

The arguments of Roy and Gordon have an interesting intersection in their use of an economic lens to explain the conflict: by expelling the Palestinians from areas of economic importance, whilst dividing and controlling their population, Israel has managed to invigorate its own economic base and constrain that of the Palestinians, increasing its power as a state in all matters, and gaining an edge in the tumultuous Middle East. Therefore, this paper argues that Israel's primary motivating factor for its continued settlement project is economic; it is, first and foremost, an expression of colonialism.

Methodology

"Settlement" refers to holdings of Israeli citizens or state entities constructed after 1967 on West Bank land. Settlements are sponsored and oftentimes subsidized by the state itself but are not legitimate under international law. Gordon describes the settlement project as a series of actions by which Israel moves civilian communities to the area and develops "an infrastructure of control" whose political status is intentionally ambiguous.[10] In turn, "outposts" or "illegal settlements" are smaller, ideologically based enclaves throughout the West Bank that are condemned (though trivially) by the state.[11] Finally, this paper defines Israel's expansion in the West Bank as an act of economic colonialism, or the act of acquiring, controlling and populating foreign lands (partially or fully) in search of a capital incentive.[12] The settlements themselves are the physical means through which the state monopolizes the economic potential of the territory.

The Colonization

Three Stages

The settlement project took three distinctive phases, each with progressively higher levels of civilian and economic control. In the first stage, which began directly after the Six Days War, the state secured the territory with rudimentary military presence. In fact, directly after the cease-fire, the Israeli government passed the Allon Plan, which militarily annexed 25-40% of the West Bank.[13] This allowed for the increased physical control that resulted from populating the land's key geographical entities in the second stage. In turn, populating the territory allowed for the economic domination of the third stage.

Israel was quickly moving up the economic ladder from its socialist, agrarian roots in commune-style kibbutzim to the production of rudimentary technology and weapons.[14] However, it was disadvantaged in land and population.

The accruement of capital that allowed for Israel's industrial expansion was artificially rapid, as the state has always had a large donor and investor base in the United States and Europe.[15] Thirsts for water, land, and mining resources for the growing population and industrial sector quickly surpassed the state's capacities. As had been known for decades, water was most accessible in the center of the West Bank.[16] With infrastructure in place and the land secured, the stage was set for the second phase of the West Bank, in which Israel populated the territory, adding an additional dimension to its presence.

Beginning in the late 1970s, Israel expanded its civilian presence in the West Bank; the number of civilians went from 13,500 in 1980 to 303,000 in 2010.[17] As part of its civilian presence, Israel sought out the West Bank's economic perks, diverting water, labor, and natural resources to its settlements and state entities. This trend has come to characterize the nature of civilian enforcement in the occupation. Gordon mentions that Israel normalized the occupation to its citizens in the late 1970s and throughout the 1980s by funding the construction of homes in the West Bank on declared "state territory," placing an ever-larger apparatus of legal administration on the ground to control the Palestinians and mange resources. Encouragements to settle included tax breaks, secured access to land, as well as fiscal assistance.[18] In addition, the groundwork for the intricate system of roads was planted and West Bank settlers gained access to commerce with Israel.

In the meantime, the influx of Jewish immigrants continued. Israel began to use the West Bank as a means to encourage Jewish immigration, often giving out housing assistance and employment security to poorer immigrants. State incentives thus encouraged Israelis to become a permanent fixture on the land in the second phase. Following this, the government had a plausible reason to develop an economy there. Israelis now benefit from the West Bank for agriculture, industry, tourism, cheap labor, and mining. The formation of a civilian presence in the second phase laid the groundwork for the third phase, in which the state exerted full economic dominance over the West Bank.

Having normalized the occupation, Israel adopted its first official policy of economic colonization by adopting the Drobless Plan in 1978, which Roy describes as the first public "master plan for translating this control into a Jewish geographic and demographic reality."[19] As part of the provision, the world began to see Israel's real plans for the West Bank as well as the divide and conquer method of total control that currently plagues the Palestinian economy. The Drobless Plan fragments the West Bank under security provisions, some of which allow for the acquisition of important security holds in the territory, as designated by the government and the Israeli Defense Forces (IDF). Additionally, it calls for the areas surrounding the settlements to be taken as buffer zones, retroactively making civilian installments legal, and providing a pass for new ones.[20] As Roy argues, many of the acquisitions sought to make economically vital regions accessible to Israelis.

Furthermore, Drobless allows for increased interactions and infrastructure to connect the Occupied Territories to Israel, as many of those living in the West Bank still commuted into Israel for employment (the Israelis had, at this point, not yet created a sophisticated economy in the West Bank). These connections further erased the Green Line in the Israeli economic and social psyche.[21] In turn, the roads and checkpoints required protection, which justified the acquisition and division of additional Palestinian territory. The Drobless Plan resulted in unprecedented loss of land for the Palestinians:

> Drobless aimed to normalize and institutionalize land expropriations by eroding 1967 borders, thus making territorial retreat problematic, if not impossible. The idea, if not to make annexation easier, was to make sepa ration harder.[22]

The effect was increased economic possibilities for Israelis and an obstructed economy for the Palestinians.

Finally, Drobless vastly increased the amount of water flowing from the West Bank into Israel. The farms in southern Israel are not self-sufficient because they need to import most of their water. In fact, by 1979 Israel had a sizeable deficit in its water use.[23] Drobless provided factual evidence of the state's intentions and converted the settlements into lucrative economic enterprises. The additional element in the third stage was the intentional curtailing of the Palestinian economy in favor of Israel's through measures such as movement and capital restrictions.

The degree of transformation caused by the settlement project cannot be overstated. Since Drobless, Israel's economic policy has only intensified in its extraction. Specifically after the Oslo Accords peace agreement in 1993, the territory was transformed in shockingly different manners for Palestinians and Israelis in order to exacerbate the economic power dynamic:

> The West Bank model is characterized by restricted levels of institution-building; isolated pockets of business and commercial development, itself shaped by a cantonized geographical entity and fragmented, externally dependent and a constrained economic base.[24]

In other words, the state's opening of the economy for Jews mirrored the closing of that same economy for Palestinians. It was intentionally exclusive: development for one people, and de-development for another. Palestinians saw Israel's military government impose civilian restrictions regarding everything from building to freedom of expression and movement.[25] All of these impacted the Palestinian economy.[26]

Use of Law in the West Bank: Exacerbating the Economic Dichotomy

Israel's law for West Bank Palestinians is administered through a strictly undemocratic military government. Especially in the second and third phases of the occupation, the appointed military leaders encroached on Palestinian civil economic life by making the Palestinians increasingly dependent on Israel and outside capital.[27] This iron fist manipulation of law has been the main vehicle of Israel's pillage of the West Bank. This is evident in the seizure of the financial markets and imposed restrictions of movement, which are mechanisms that intentionally prevent Palestinian economic development. In turn, the use of cheap Palestinian labor and the diversion of water are expressions of law intended to boost the Israeli economy. Both examples represent use of law as a means to further differentiate the two economies.

First of all, the Israelis took control of Arab financial and monetary institutions, imposing the Bank of Israel as the central ruler.[28] Financial decisions concerning the West Bank now were to be made by Israel, and currency in the West Bank was converted to Israeli Shekel. As Roy and Gordon point out, this created numerous hindrances to Palestinian infrastructure development and ultimately left the territory's residents with no choice but to cooperate with the military's economic demands.[29] Palestinians who did seek start-up loans were forced into complaisance with Israeli financial policy in order to obtain funds. Israeli monetary control furthermore left the Palestinians with no autonomy to buy and sell reserves in order to have a currency fit to Palestinian enterprise. Therefore, monetary control in the West Bank is a means to quell Palestinian dissent as well as to further tip the economic balance toward Israel.

The banking and trade restrictions effectively barred the West Bank from importing capital and industrializing. Israel instituted measures to obstruct the development of capital-intensive production, requiring burdensome licensing through the military government for all industrial activities.[30] As a result, industry's portion of West Bank GDP steadily declined from 9% in 1968 to 7% in 1989, where it has remained with slight fluctuation since.[31] This means that Israel intentionally kept the Palestinian economy population under-developed as it moved itself up the industrial ladder.

Numerous restrictions on Palestinian trade in the West Bank gave Israeli firms a steep advantage over their Palestinian counterparts. The import and export restrictions intentionally constructed an imbalanced opportunity. For example, a military order levied a series of taxes on Palestinian manufacturers effectively making them pay 35-40% more taxes than their Israeli counterparts.[32] In fact, from 1980 until 1997 such policies gave Israeli companies a de-facto trade monopoly and accounted for just over 90% of all West Bank imports, which represents a shocking amount of protectionism.[33]

Real power allows Israel to block Palestinian industrial and civilian development in the West Bank. Building permits have been in high demand after more than 2,200 house demolitions left 13,000 Palestinians homeless in the past decade. House demolitions and land acquisitions have set the stage for more than 155 new Israeli settlements erected in the same decade.[34] Fewer than 25% of Palestinian permits are approved.[35] This trend has accelerated, as the Guardian reports that Israeli spending on settlements increased 38% in 2013, while in 2012 the Jewish population in the West Bank grew 4.5%, which is two and half times the rate of the rest of the country.[36] Israeli rule of law is thus a key component in the institutionalization of impeded Palestinian growth juxtaposed with Israeli success.

Extraction of Resources & Water

In addition to impeding Palestinian development, Israeli policies have increasingly allowed Israeli citizens to take advantage of resources such as labor, capital institutions, water, mines, tourism, and agriculture. To combat their low

-skilled labor shortage, the Israelis began to give permits for Palestinians to work in Israel. Furthermore, Palestinians earn about one-sixth of their Israeli counterparts.[37] This was broadcast as a means to alleviate the Palestinian plight, but Israeli administration of the Palestinian economy is culpable for the laborers' disadvantage in the first place. An extensive report by the Journal of Middle East Studies revealed that the vast majority of West Bank Palestinian commuters had previously had their land confiscated by Israel; therefore, many Palestinians laborers were first put out of work by Israel's policies, and then made dependent on Israel for employment.[38]

Restrictions on crops, building, movement, and water use all made a Palestinian economy in the West Bank less feasible, while low-wage employment provided higher returns on Israeli agricultural exports.[39] In essence, many dispossessed Palestinian landowners became laborers for Israeli landowners. Means of production were usurped from Palestinians and handed to Israelis. Labor thus became a blatant expression of economic subjugation.

The trick was that this employment depended on the will of Israeli politicians and has been frequently used as a method of control. First, the state made Palestine dependent on Israeli employment by employing 40% of its workforce. This was carved into leverage for the Israelis, as the laborers were "defenseless when confronting the whims of their employers" and of the state.[41] This allowed labor to be used as collective punishment. For example, during both Intifadas, Israel sealed its borders and left the dependent Palestinian population without work; both periods were followed by mini crises in the occupied territories. Numerous smaller disputes, such as the Palestinian UN statehood bid in 2010, have produced bans on Palestinian workers entering Israel. Therefore, Israel's policies intentionally take economic control from the Palestinians--placing Palestinians at the bottom of the economic ladder, where they will remain until the state is willing to address its economic policy.

Israel has also repeatedly shown interest in the West Bank's water resources, which are more abundant than those in Israel. As previously discussed, Israel's rapid growth in population and export agriculture were not sustainable given the state's resources. For example, in 1975 an average of two billion cubic meters per day were available, while industrial, agricultural, and home use totaled 1.6 billion cubic meters.[42] This left only 404 million cubic meters for expanding industry and irrigation systems, which was insufficient for the roughly 20,000 incoming immigrants in 1976.[43] The Israeli authorities realized this early on. An estimated 80% of Mandatory Palestine's mountain aquifers lie in the West Bank, which now supply 40% of Israel's agricultural needs and 50% of its drinking water.[44]

Water acquisition usually mirrors land grabs. Strategic use of a variety of laws to acquire West Bank land has been in area C, housing the majority of the mountainous aquifers. Israel has strategically blocked 70% of this area from Palestinian entrance. The restrictions have been so severe, in fact, that the area has seen an 80% drop in Palestinian population from 1967-2012.[45]

The settlements now use about 80% of the water from the main Mountain Aquifer, and only leave 15% for the 2.5 million Palestinian majority.[46] In fact, the World Health Organization reports that per capita water consumption for Palestinians is roughly 25% that of their Israeli counterparts. Over-extraction of water resources in the West Bank has led to a decrease in the water table, which, in turn, has left many Palestinians (as many as 60% in area C) without running water, according to the World Bank and the UN.[47] Intense control over water allocation is the most profound example of Israel's intentions of economic colonization.

State legal mechanisms have also carved up the territory for other resources to exacerbate the economic disparity. For example, in Area C the Israelis have taken key sites such as the Dead Sea, now a major attraction for religious tourists. Furthermore, they have allowed the Israeli company Ahava to make and export cosmetic products using the famous Dead Sea mud. In contrast, the state has limited travel to Jericho, a key Palestinian tourist destination.[48] Additionally, in 2011 the High Court of Justice reversed long-standing (though frequently disobeyed) precedent by allowing Israeli companies to extract minerals and other raw materials from quarries in the West Bank:

> On its face, the new rule allows the occupier (in a long-term occupation) to make endless use of the variety of objects found in the occupied territory: to pump its water sources, to transfer its archeological artifacts to elsewhere outside the territory, to use areas within it for garbage disposal, to sell public real estate, and more.[49]

With the institutionalized extraction of resources such as agriculture, labor, land, tourism, and mining resources, the state is seemingly making its intentions more pronounced to the international community.

Restriction of Movement

Besides resource extraction, the lack of economic liberty is a major expression of Israel's colonial control over the territory. Among numerous other scholars, Roy and Gordon shed light on the fragmentation that has come to characterize the West Bank's economy and civil life. Building and zoning restrictions, in addition to restriction of movement, have been the biggest factor in maintaining an unstable Palestinian economy. Roy relates these to expressions of Israeli power that intentionally constrain the Palestinian economy while expanding Israel's.[50] For example, during the Oslo Peace period in the 1990s 250 miles of settler-only roads were built in the area. They were "designed to connect Israeli settlements and create massive barriers to Palestinian movement" because they were "built like a grid running north-south and east-west throughout the entire West Bank," effectively limiting interconnected growth in the Palestinian economy.[51]

In other instances, the Israeli government uses controversial events to further its economic ambitions. In a comprehensive report, the International Monetary Fund (IMF) finds that in the years from 2009-2012, Palestinian economic growth slowed from 8% of GDP to just 5%. The IMF relates this to increased tensions in 2011, both at the UN and internally, that led to a series of new restrictions on movement.[52] Additionally, the previously declining unemployment rate rose from 17% to 19% as a direct result of increased trade restrictions and investment blockades.[53] This represents intentional sectoral manipulation of the economy, as well as economic punishment for expressions of independence.

Restrictions of movement have been vastly increased, and their effect has been devastating. In Area C, with the highest concentration of arable land, the Palestinians have seen unprecedented increases in restrictions on outside investment, which, accounting for up to 58% of the West Bank real GDP, is a crucial component to the success of the Palestinian economy.[54] Israel now controls 77.5% of Area C.[55] Consequently, the Palestinian population there has decreased by 80% since 1967 because 80% of the land is now inaccessible to them.[56]

Additionally, Israelis now block major entrances to 10 of 11 major Palestinian cities in the West Bank, decreasing the flow of capital and goods between economic centers and rural areas.[57] Because Israeli policy has prevented industrialization, these trade routes are a necessary component of Palestine's export-based agrarian economy. This is a shining example of Roy's de-development argument. On the other hand, Israel's control of Area C is indicative of its desire for resources; it is competitive exclusion. B'Tselem reports that, as a result, "trade from one section to another in the West Bank has become expensive, uncertain, and inefficient. The economy in the West Bank has been split into smaller, local markets," hindering advantages from economies of scale and international trade.[58] In fact, according to B'Tselem the settlements themselves, which comprise only 1.7% of the West Bank, effectively control 41.9% of the area due to restrictions of movement.[59] The restrictions have been a key method of economic control in Israel's occupation. They are also a strong indication of the material motives of Israel's settlements.

Conclusion

Settlements in the West Bank are the last vestige of blatant economic colonialism in the world. No other conflict in international relations has quite the same dynamic, whereby a state is extending itself into a disputed territory with an ambiguous mix of law and sheer force, whilst exporting economic potential. It has been progressing for almost 50 years in front of the world's eyes, and no international institution or state actor has forced Israel's hand in allowing the Palestinians to have a viable economy. Much to the opposite, the colonial nature of competitive economic exclusion has only exacerbated.

The current situation of the Palestinian economy is reflective of almost 50 years of continued colonial capitalism. Israel's primary motivating factor in settling the West Bank is thus the economic potential of the territory, which it has taken advantage of in order to subjugate the Palestinian economy.

The economic plight of the Palestinians must be addressed in any legitimate attempt to broker an enduring peace. Despite numerous attempts at reconciliation, Israel has repeatedly shown an unwillingness to concede any degree of economic liberty to the Palestinians, a position that has been condemned time and again by the international community. At this point, it is unlikely that

Israel is willing to make the necessary concessions in order to broker an agreement with the Palestinians.

However, the international community is in a diplomatic knot. Though the US does not regard the settlements as legitimate, it continues unprecedented fiscal and military support. Given domestic political considerations, it is not probable that the US will give Israel an ultimatum regarding its financial assistance and the Palestinian economic catastrophe. The general public and Israel's donor base (American taxpayers in general) must be aware of what they are supporting. So far, Israel has conducted an active public relations effort to moralize the occupation and marginalize its negative effects.[60]

Governmental pressure has not sufficed, so a new approach must take place. For example, movements in the UK and Northern Europe sought a demand-side approach to the problem by boycotting agricultural products from the West Bank. This type of civil activism also serves to raise public awareness of the conflict, which is grossly misunderstood. If this approach effectively expands to the territory's other markets, perhaps Israeli business leaders will be able to lobby for governmental change regarding the economic policy. In other words, Israel will only respond if the economic benefit it seeks is no longer attainable due to consumer action.

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